

ORIGINAL

NEW APPLICATION



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Paul D. Levie, P.C.
2465 W Shane Drive
Prescott, AZ 86305

RECEIVED

(928) 778-2600
Attorney for Granite Mountain Water Company

2010 DEC -2 P 4: 08

Arizona Corporation Commission

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BEFORE THE ARIZONA CORPORATION COMMISSION

DEC -2 2010

COMMISSIONERS

KRISTIN K. MAYES, CHAIRMAN
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

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mr

APPLICATION OF GRANITE
MOUNTAIN WATER COMPANY, INC
FOR AUTHORITY TO INCUR LONG-
TERM DEBT

Docket No. New Application

FINANCE APPLICATION

W-02467A-10-0483

Pursuant to Arizona Revised Statute § 40-301 and Arizona Administrative Code R14-3-106(F), Granite Mountain Water Company, Inc (GMWC) is applying for authority to incur long-term debt, in accordance with the Commission's Decision #71869 dated August 31, 2010, to finance water system improvements including the replacement of the water company's Well #5 (ADWR #55-622083) and the addition of water storage Tank #3 (50,000-gallons).

1. Applicant for Financing:

Granite Mountain Water Company, Inc.
2465 Shane Drive
Prescott, AZ 86305
(928) 717-2616 Phone
(928) 717-2621 Fax

2. Authorized Representatives:

Paul D. Levie, President/Owner/Attorney
2465 Shane Drive
Prescott, AZ 86305
(928) 717-2600 Phone
(928) 717-2621 Fax

Matthew Lauterbach, Water Administrator
2465 Shane Drive
Prescott, AZ 86305
(928) 717-2616 Phone
(928) 717-2621 Fax

Granite Mountain Water Company – Application for Financing

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1 3. Complete Description of Financing:

2 With the Commission's authorization of financing and approval to incur long-term debt in
3 the amount of \$181,320.00, GMWC will proceed with its Water Infrastructure and Finance
4 Authority (WIFA) application for a loan from the Drinking Water Revolving fund. GMWC is
5 seeking a loan from WIFA in the amount of \$108,792.00 for the replacement of Well #5
6 (ADWR #55-622083) and the construction of Tank #3 (50,000-gallons). In conjunction with a
7 loan from National Bank of Arizona in the amount of \$72,528.00; this will allow for these
8 additions to the water system. Subsequent to the WIFA decision, should the WIFA loan be
9 denied or reduced in amount, GMWC will seek the entire loan or difference from National
10 Bank of Arizona.

11
12 4. Statement of Proceeds including issuance Expenses:

13 The expected gross loan proceeds from WIFA will total \$108,792.00. The expected gross
14 loan proceeds from National Bank of Arizona will total \$72,528.00. There are no issuance
15 expenses related to the loan from WIFA as the authority has a combined interest and fee
16 rate schedule. The loan with National Bank of Arizona will be structured as a non-revolving
17 line of credit which has minimal issuance expenses, including a two-hundred and fifty dollar
18 documentation fee.

19
20 5. Complete Description of Net Proceeds

- 21 A) Phase 1 of the project will be used to replace Well #5 (ADWR #55-622083) by re-drilling a
22 replacement well within six hundred and sixty feet of the existing well. This phase will
23 include the well drilling, pump installation, electrical supply to the well site, pump house
24 construction, water main construction, fencing and required communications and
25 chlorination equipment.

1 B) Phase 2 of the project will be used to add Tank #3. This tank will be adjacent to and within
2 the same enclosure as the company's Tank #2 on Yavapai County Parcel #102-14-037 (Public
3 Utility Easement). The total storage capacity of Tank #3 will be 50,000-gallons. The site
4 preparation was completed with the construction of Tank #2. This phase will include the
5 construction of the tank and the required piping to interconnect the tank to the water
6 distribution system.

7
8 6. Statement of Financing

9 The proposed financing is: (a) within GMWC's corporate powers; (b) compatible with the
10 public interest; (c) compatible with sound financial practices; (d) compatible with the proper
11 performance by the applicant of service as a public service corporation; and (e) will not
12 impair GMWC's ability to perform that service.

13
14 7. Names and Addresses of any Person or Company entitled to Fees for Services:

15 There are no individuals receiving, or entitled to, a fee for service in connection with the
16 issuance or sale of the financing. WIFA does not charge service fees. National Bank of
17 Arizona may be entitled to minimal issuance expenses, including a two-hundred and fifty
18 dollar documentation fee. Legal services will be performed by president and owner, Paul D.
19 Levie.

20
21 8. Documents Executed Regarding this Matter

22 There are no documents to be executed in the matter at this time.
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1 9. Recent Balance Sheet and Statements regarding the Effect of the Transaction

2 Attached as Exhibit A is a pro forma balance sheet and as Exhibit B is a pro forma income
3 statement for GMWC.
4

5 10. Customer Notification

6 Attached as Exhibit C is the company's Proof of Customer Notification.
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Exhibit A

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GRANITE MOUNTAIN WATER COMPANY, INC.

Balance Sheet

As of October 21, 2010

	Historical	Pro Forma Adjustments	Pro Forma
ASSETS			
Current Assets			
Checking/Savings	\$ 12,169		12,169
Accounts Receivable			
Customer Accounts Receivable	13,129		13,129
Total Accounts Receivable	13,129		13,129
Other Current Assets			
Loan to Affiliate	24,655		24,655
Total Other Current Assets	24,655		24,655
Total Current Assets	49,953		49,953
Fixed Assets			
Property Held for Future Use	13,555		13,555
Accumulated Depreciation & Amortization	(406,108)		(406,108)
Organization	110		110
Structures & Improvements	21,608	10,500	32,108
Wells and Springs	38,472	69,972	108,444
Power Generation	9,494		9,494
Pumping Equipment	94,776	5,775	100,551
Water Treatment	2,077	735	2,812
Distribution Reservoirs	169,243	65,423	234,666
Transmission & Distribution Mains	415,165	28,914	444,079
Meters, Hydrants & Other Plant in Service	81,047		81,047
Power Operated Equipment	5,000		5,000
Total Fixed Assets	444,438	181,319	625,757
TOTAL ASSETS	\$ 494,391		675,710
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Sales Tax Payable	216		216
Security Deposits	2,358		2,358
Accrued Taxes	(736)		(736)
Contribution in Aid of Construc	36,824		36,824
Advances for Construction	5,485		5,485
Total Other Current Liabilities	44,147		44,147
Total Current Liabilities	44,147		44,147

Long-Term Liabilities			
Note Payable - WIFA		108,791	108,791
Note Payable - Natl Bank of AZ		72,528	72,528
Total Long-Term Liabilities		181,319	181,319
Total Liabilities	44,147		225,466
Equity			
Common Stock	177,139		177,139
Paid-In Capital	405,722		405,722
Retained Earnings	(132,617)		(132,617)
Total Equity	450,245		450,245
TOTAL LIABILITIES & EQUITY	\$ 494,391		675,710

Exhibit B

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GRANITE MOUNTAIN WATER COMPANY, INC.

Statement of Income

As of October 21, 2010

	Historical	Pro Forma Adjustments	Pro Forma
REVENUES			
Metered Sales	\$ 66,603		66,603
Reconnect fees, late charges, etc.	533		533
Total Revenue	67,135		67,135
COST OF SALES			
Materials and Supplies	2,414		2,414
Contracted Services	2,851	400	3,051
Purchased Power & Fuel	12,403		12,403
Total Cost of Goods Sold	17,468		17,868
Gross Profit	49,668		49,268
OPERATING EXPENSES			
Property Taxes	2,148		2,148
Bank Charges	670		670
Rents	4,500		4,500
Regulatory	119		119
Office Expenses	2,886		2,886
Legal and Professional	1,320		1,320
Payroll Expenses	17,809		17,809
Total Operating Expenses	29,451		29,451
Other Income/Expenses			
Interest Income	1		1
Interest Expense	(1,563)	(9,066)	(10,629)
Other Expense	(98)		(98)
Total Other Income/Expense	(1,660)		(10,726)
			0
Net Income	\$ 18,556		9,090

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Exhibit C

1 **NOTICE OF GRANITE MOUNTAIN WATER COMPANY, INC.'S**

2 **APPLICATION FOR APPROVAL OF FINANCING**

3
4 On November 30th, 2010, Granite Mountain Water Company, Inc. ("Granite Mountain") filed with
5 the Arizona Corporation Commission ("Commission") a Financing Application requesting
6 authority to obtain a loan in the amount of \$181,320 to enable the replacement of Well #5 (ADWR
7 #55-622083) and the addition of a new 50,000-gallon storage tank (Tank #3). Granite Mountain is
8 seeking to obtain a loan from the Water Infrastructure and Finance Authority of Arizona (WIFA) in
9 the amount of \$108,792 or 60% of the total project cost. The Granite Mountain is further seeking to
10 obtain a loan from National Bank of Arizona for the remaining 40% of the project or \$72,528.
11 Subsequent to the WIFA decision, should the WIFA loan be denied or reduced in amount, GMWC
12 will seek the entire loan or difference in the loan amount from National Bank of Arizona.

13 The Commission is not bound by the proposals made by Granite Mountain, Staff, or any
14 intervenors.

15 Regardless of whether a hearing is held, written customer comments can be placed in the file,
16 which the Commission will review before making its final decision on the applications. It is
17 important that customers wishing to comment do so promptly so that the Commission can consider
18 any customer comments and concerns in reaching its decision. Customers should bring to the
19 Commission's attention any questions or concerns related to the application, including concerns as
20 to service, billing procedures, or other factors important in determining the reasonableness of the
21 financing.

22 Copies of the application and the other documents filed in this matter are available at Granite
23 Mountain's office at 2465 Shane Drive, Prescott, AZ 86305 and the Commission's Docket Control
24 at 1200 West Washington Street, Phoenix, AZ 85007 for public inspection during regular business
25 hours and on the Internet via the Commission website (www.azcc.gov) using the e-Docket
26 function.

27 If you have questions about either application, you may contact Granite Mountain at 928-717-2616.
28 If you wish to file written comments on either application or want further information, you may
29 contact the Commission's Consumer Services Section by calling 1-800-222-7000 or 602-542-425
30 1. Written public comments may also be filed by mailing an original and 13 copies of the
31 comments (referencing Docket No. W-02467A-09-0333 et al.) to the Commission's Docket
32 Control at 1200 West Washington Street, Phoenix, AZ 85007.

33 Any person entitled by law to intervene and having a direct and substantial interest in this matter
34 will be permitted to intervene. A person desiring to intervene must file a Motion to Intervene with
35 the Commission's Docket Control and serve the Motion upon Granite Mountain. A Motion to
36 Intervene shall contain at least the following:

1. The name, address, and telephone number of the proposed intervenor and of any person upon whom service of documents is to be made if different than the intervenor;
2. A short statement of the proposed intervenor's interest in the proceeding (customer, etc.);
3. Whether the proposed intervenor desires a formal evidentiary hearing on the applications and the reasons for such a hearing; and
4. A statement certifying that a copy of the Motion to Intervene has been mailed to Granite Mountain or its counsel.

The granting of Motions to Intervene shall be governed by Arizona Administrative Code R14-3-105. If a hearing is scheduled in this matter, a deadline for Motions to Intervene will be established in the Procedural Order scheduling the hearing.

Granite Mountain Water Company
(928) 717-2616

Granite Mountain Water Company, Inc.

PO Box 350

Chino Valley, AZ 86323

Phone: (928) 717-2619

Fax: (928) 717-2621

November 30, 2010

Arizona Corporation Commission

Docket Control

1200 West Washington Street

Phoenix, AZ 85007-2996

This is to certify that I, Matthew Lauterbach, Water Administrator, have notified the customers of Granite Mountain Water Company, Inc. of the Application for Financing pursuant to A.R.S. 40-301 and 40-302 on November 30, 2010.

Signature

Date

Notary

Date

